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Briefly Speaking

B. Sp. No. 10

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What are the merits of the slogan, "The American Market for the American Farmer?" The fact is, of course, that most American farmers already have virtually the entire American market. There are a few exceptions to this rule, such as for instance, producers of wool, sugar, and flaxseed. Practically all the rest of the American producers have at least 90 percent and many of them 100 percent of the American market. And many of the latter are producers of export crops for whom the American market does not nearly suffice.

The question is not, therefore, one of getting the American market for the American farmer. He already has it. The question really is, how can the value of that market, in terms of purchasing power of the American people, be improved? * * *

In other words, from 1929 to 1932, when our foreign trade fell from \$9,600,000,000 to \$2,900,000,000 it didn't mean that our exports of dairy products had been seriously reduced. Our exports of dairy products are never of any significance. But it did mean that labor, called upon to build automobiles and other industrial equipment for a sharply reduced market, found it increasingly difficult to buy dairy products. A healthy foreign trade is very important to the dairy industry, but only indirectly so.

It is often stated that at least half of our farm problem is in the towns and cities, and some of the statistics I have noted furnish, I think, clear proof of this. A number of studies have been made to try to find out how people in towns and cities spend their money. It seems that the wage earners and low-income groups spend an average of a little more than 20 percent of their income for agricultural products. Therefore, if their income is increased we can expect an expanded market for farm products.—*R. M. Evans, A. A. A. Administrator, in address at Madison, Wis., January 30, 1939.*

Prices of farm machinery in 1938 were close to the highest figures in nearly 30 years of Government record.

Machinery Prices declined somewhat from 1929 to 1933, but then rose sharply, and in 1938 prices of farm machinery other than motor vehicles

were 58 percent above the 1910-14 level. The peak for the 30-year period was in 1920, approximately 65 percent above pre-war. Prices of motor vehicles—automobiles, trucks, and tractors—also rose rapidly from 1933 to 1938 after a small decline in the great depression.—*Agricultural Situation, May 1939.*

Reports indicate that approximately 92 percent of the cotton farmers, 80 percent of the commercial corn and wheat growers, between 70 and 80 percent of the tobacco, rice, and potato growers, and 80 percent of the commercial dairymen will participate in the 1939 program. It is expected that in all, nearly 6,000,000 farm families will receive A. A. A. payments in 1939. This would be about 85 percent of all the farm families in the United States.

Approximately 80 percent of all of the farm land and approximately 70 percent of all the privately owned range and pasture land in the United States will be included in the triple A program this year.—*Secretary Wallace's statement before Agricultural Subcommittee of Senate Appropriations Committee, April 13, 1939.*

The farmer's share of the consumer's dollar spent for a representative list of 58 foods in 1938 was the smallest in 4 years. It amounted to 40 cents as compared with 45 cents in 1937, with a low of 33 cents in 1932, and an average of 53 cents in 1913-15 when this Government compilation was started. The decline of 5 cents in 1938 was the first decline since the drop from 38 cents in 1931 to the 26-year low of 33 cents in 1932 * * *

Farmers And Food Dollars The margin between farm value and retail value represents all costs and charges for marketing, processing, transportation and distribution required to bring these 58 foods from the farmer to the consumer * * *

A striking feature of the margins is their rigidity during the last 4 years, in which they have varied less than 2 percent.—*Agricultural Situation, February 1939.*

It is estimated that farmers have doubled their annual use of grass and legume seed since the A. A. A. farm program started.—*U. S. D. A. radio broadcast.*

Compiled by the Division of Information, Agricultural Adjustment Administration, United States Department of Agriculture, from official and unofficial sources for the information of committeemen and others cooperating in the administration of the A. A. A. programs.

We must frankly admit that the South has put too much faith in cotton. One-crop farming is not desirable. But on the other hand, there are good reasons we grow cotton as our main crop. Cotton demands a certain climate, and we have that climate. The

South Relies Too Much on Only Cotton

South has lots of people, and with this dense population not much cropland is available per family. Cotton fits that situation. It requires much hand labor. Of course, these same things cause many farmers to try to make a living on an acreage that is too small. Even if they got parity price for cotton, they'd still have low income. In the Southeast 20 acres is a pretty big cotton field. You do well to get eight bales from 20 acres. And if you are a tenant getting half the crop, your share is four bales. Nowadays, you get about 160 dollars for four bales. * * *

Low income makes it especially desirable for farmers to raise as much of their own food as possible. But there's so little cash and so little cropland, that many people have a tendency to grow more acres of cotton for cash instead of growing more vegetables for food, or growing feed for home livestock. Moreover, many farm families in the South simply haven't started the habit of growing gardens and canning food or of producing meat, milk, and eggs for home consumption. The last census revealed that more than 600,000 farms in these 9 States didn't have a garden; and many thousands of farms did not have a cow, a hog, or a chicken. I'm glad to say, however, that more and more southern farm families are beginning to grow their own food and feed. This will help stretch the cash income.—*I. W. Duggan, Director Southern Division, A. A. A., in U. S. D. A. Radio Interview, April 25, 1939.*

Since the end of the World War the maintenance of farm prices has been one of the principal objectives of government agricultural policies the world over. The methods used were, for the most part, those of foreign-trade control, import restrictions, and export subsidies. Since 1930, however, price control of a more direct character has played a prominent part. This has reached its greatest development in the totalitarian countries, where it extends not only to agricultural prices but to the whole national price structure and forms a part of a state-regimented economic system. In a nonregimented economy, price control has been less effective, as the underlying supply and demand conditions are seldom controlled.—*Foreign Agriculture, February 1939.*

If you want to help the cattle farmer it would be well to point out that those things over which he has some control inside of this Nation have a hundred times as much significance as any cattle that come in from abroad. You know, as a matter of fact, there were many more cattle coming in from abroad back in 1928 and 1929

when the farmers were so prosperous—many more cattle came in from abroad than have come in from abroad this last year. There were more imports of Canadian beef and of beef from the Argentine than during this past year, which indicates the real problem is consumption. * * *

The important thing is to make it possible for our people, inside this country, to consume more of our agricultural products. As long as we try to make farmers think they are going to get prosperity by keeping something out of this country, just so long will we divert their attention from the real cause of the trouble.—*Secretary Wallace before Subcommittee on Appropriations, House of Representatives, February 4, 1939.*

What keeps the range livestock man from making a good income and protecting the grass on the range?

Better Grass Is Factor In Range Profit Two things, mainly. Consumers do not have money to buy enough meat, and ranchers do not have enough money to maintain and improve their range.

Increase of consumer purchasing power depends on all the forces working toward economic recovery. The range operator has a small part in that. But he has the main responsibility for making the range produce.

The West has always been able to produce livestock economically because it had the grass and it had the land which did not demand intensive use to make a profit. It still has the land but the grass has been badly hurt by drought and overgrazing.

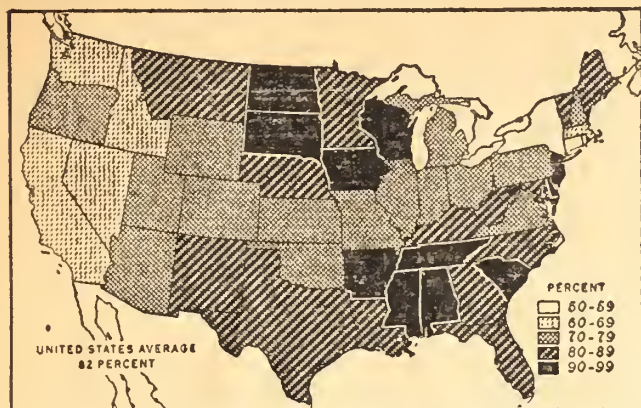
For many years livestockmen have realized the need for range conservation, but low returns have handicapped them in doing much about it until recent years. They now have the range-conservation program which gives them the chance to do for the ranch what they have always wanted to do. They are now able to take better care of the grass and put range operation on a pretty satisfactory basis. In addition, for the second year, the sheepman has the advantage of the Government wool loan that stabilizes the price he gets for his wool.

The solution of the main problem facing western livestock producers depends upon national economic improvement and improvement of the range.—*N. E. Dodd, Director Western Division, A. A. A., in U. S. D. A. Radio Interview, April 11, 1939.*

Schools The farm population bears a heavier educational load in terms of the number of children to be educated and in terms of the tax burden than does the nonfarm population. Although 13 percent of the children of school age live in Southeastern States, their parents receive only 2 percent of the national income. * * * Furthermore, approximately 2,740,000 children of school age in the United States are not attending school because of lack of facilities.—*U. S. D. A. Land Policy Review, January-February 1939.*

U. S. Market Is Important

A. A. A. 1939 PROGRAM COVERS OVER 80 PERCENT OF NATION'S CROPLAND



The above chart shows the percentage of cropland under the A. A. A. program for 1939 in each State.

One thing that makes (the North Central Region) income low and hurts the soil is our continued production of surplus corn. Surplus corn means surplus pork. When we've got too much corn, we raise and feed too many hogs. We feed more beef cattle and sheep. Then when meat prices go so low there's no profit in fattening livestock, we increase our herds of dairy cows and flocks of poultry. In that way, the Corn Belt farmer helps ruin the milk market and the poultry and egg market for farmers who are normally in the dairy and poultry business. * * *

In 1924 we were saving an average of five and a fourth pigs per litter. In 1938 we raised an average of over six and a third pigs per litter. That's a 20-percent increase in efficiency in 15 years. * * * Since the World War period forces beyond the control of the farmer have lost us more than 75 percent of our export market for pork and lard. And remember that represents a loss of market for corn. Then consider what's been happening to the eating habits of people in this country. The average person is eating about 9 pounds less pork each year than each person ate 20 years ago.—*Claude Wickard, Director, North Central Region, A. A. A., in U. S. D. A. Radio Interview, May 9, 1939.*

In 1930, the census reports show that about 90 percent of farm products going into the market came from about 50 percent of the farms of the Nation. Since today there are more people on farms than in 1930, and since the mechanization of farms has displaced thousands of people from commercial farms, the probability is that much less than 50 percent of our farms are producing 90 percent of the farm products.

It is also true that many of our social needs which the family-farm institution met without Government aid have been turned over to the State.—*Land Policy Review, March-April 1939.*

On the downward turn of farm prices, the last decade, every drop of \$100 in farm income was accompanied by a drop of \$80 in rural retail sales. On the upturn of farm prices during the 10-year period, every \$100 increase in farm income was accompanied by an increase of \$74 in rural retail sales.

Farm Income; Retail Sales

The farmer's dollar always goes to town. In 1938, farmers had nearly twice as much to spend as in the depths of the depression. Compare commercial reports for 1938 with those of 1932. Rural retail sales 82 percent higher in 1938 * * * Farm machinery sales 350 percent higher. * * * Fertilizer sales in farm States 100 percent higher.

This increased farm buying power put back to work over 20 percent of all factory workers reemployed since 1932.—*A. A. A. Pamphlet, G-94, The Farmer's Dollar Goes To Town.*

From one-fourth to one-half of the farm youth left the farms for the cities between 1870 and 1930.—*Report of the Secretary of Agriculture, 1938.*

A further decline of farm-mortgage debt is indicated for the first half of 1938. The Bureau reported that the farm-mortgage loans held by a group of leading lending agencies, accounting for about 60 percent of the entire farm-mortgage debt decreased about 1 percent during the first half of 1938. Also, that the estimated total volume of farm mortgages recorded during the first half of 1938 amounted to \$392,000,000, which was 6 percent less than during the first half of 1937 and 60 percent less than during the first half of 1934.—*U. S. D. A. Press Release No. 977-39.*

The annual loss of soil fertility through erosion and leaching is estimated to be at least seven times the amount used by crops.—*A. A. A. pamphlet.*

Wheat prices in the United States have been averaging above the world levels since last September and in recent months have been considerably higher than usual relative to world levels. The December-February price of No. 2 Hard Winter wheat at Kansas City averaged 7 cents above Liverpool parcels this season while the average for the same 3 months was 22 cents below Liverpool a year ago, or a difference of 29 cents.

It is expected that domestic prices will continue above world levels and that they will not be influenced to the same extent by world conditions as they would be without the export and loan programs.—*The Wheat Situation, March 24, 1939, U. S. D. A.*

Output per farm worker has increased more than 40 percent in the twentieth century alone.—*Farmers' Bulletin No. 1774.*

The growing use of power machinery stands out as a factor about which the correspondents (18,000 farmers in all parts of the country who supplied information for 103,000 farms in connection with the B. A. E. crop report) commented more frequently than ever before. These comments were especially frequent in the winter wheat area.

Deplore Trend Toward Bigger Farming Units

But they came also from the spring wheat area, the Corn Belt, and some localities in the Cotton Belt, especially from the western cotton areas.

Two developments resulting from the growing use of power machinery were mentioned. The one is the displacement of farm population through the consolidation of holdings to provide larger areas for the efficient use of power machinery. Numerous reports mentioned that farm buildings have been moved away or demolished and in many cases the previous residents left farming entirely. The displaced farmers frequently had no alternative except to dispose of their operating equipment and work stock at sacrifice prices. Reports frequently mentioned that these displaced farmers went to nearby villages and soon were added to the relief rolls. The majority of the farmers who mentioned this trend were opposed to it and expressed the belief that some means should be found to limit the size of land holdings or of operations to prevent the displacement from agriculture of capable operators. * * *

The development of what some local persons designate "sidewalk farmers" was another effect of the growing use of power machinery. As distinguished from the well-known "suitcase farmer" the "sidewalk farmer" lives in the nearby village or town and drives the short distance to his farm or farms as needed. The use of power machinery frees him from the necessity of keeping work stock on his farm and the use of the automobile frees him from the necessity of remaining on his farm except when his presence is needed in connection with the growing and harvesting of the crops.—*U. S. D. A. Farm Population Estimates for 1938.*

One of the biggest problems of Northeastern agriculture is that arising from the great ups and downs in farm production in other parts of the country. Take the case of the dairy farmer as an instance. Most of our dairymen produce milk for market and the price of that milk is the biggest single thing that decides whether they are poor or prosperous. That price depends in part on local market conditions—how well the cooperatives are supported and whether marketing agreements are allowed to operate. Our milk prices also depend on the amount of cream shipped into our markets from other areas, and upon the price of butter. This outside competition in the Northeastern dairy markets depends on whether farmers in other areas can make a decent living from hogs and

beef cattle, cotton and wheat. Ups and downs in production of corn and wheat and cotton create some of the most serious problems of the Northeastern dairymen. And also for poultrymen and vegetable growers. When farmers can't make a living in the kind of farming they are used to and prefer, they turn to some other kind. That's one reason why our farsighted farm people are greatly interested in the attempts of those in other sections to keep corn-hog farming, wheat farming, cotton farming, and other kinds of farming on a paying basis and are willing to lend a hand where they can. When these other farms get into difficulties, they compete with Northeastern farmers.—*A. W. Manchester, Director, Northeast Division, A. A. A., in U. S. D. A. Radio Interview, May 2, 1939.*

East Central farmers are using greatly increased quantities of lime and superphosphate in order to put their land in condition to grow soil-conserving crops such as legumes and grasses. In the so-called years of prosperity before 1930, farmers in the seven East Central States used not more than a million tons of limestone per year. This dropped to a half million tons a year in 1932 and 1933. In 1936, with the help of the agricultural conservation program, considerably more limestone was used than in any year before the depression. In 1937 and 1938 still more was used. All told, farmers of the region used about two and a half times as much lime in 1938 as they had in the peak years before the conservation program started.

The use of fertilizer on conserving crops and pasture has shown even a bigger increase. You know East Central farmers for years have used fertilizer to grow cash crops. In 1938 they used the equivalent of 230,000 tons of 16 percent phosphate for this purpose. Soil-building payments in the A. A. A. program are largely responsible for the increased use of both lime and phosphate. You can see this influence on the winter cover crops which farmers are now plowing under to improve the soil. You can see the influence of these materials also in the increased acreage of legumes and grasses that add fertility to the soil and keep it from washing down the hills into the streams. There has been a material expansion in the amount of terracing; and the planting of forest trees has been increased.—*W. G. Finn, Director East Central Division, A. A. A., in U. S. D. A. Radio Interview, April 18, 1939.*

In the last 2 years (1937 and 1938) the average production on farms was 5 percent greater than in the year 1929. Factory production for the same years lacked 19 percent of being up to 1929 levels. With no marked change in the farm population the last 40 years, farmers are providing abundantly for city populations which have increased by more than two-thirds during this period.—*A. A. A. pamphlet, The Farmer's Dollar Goes To Town.*